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Paris, December 10, 2015

Mr John Stanford  
Technical director  
International Public Sector Accounting  
Standards Board  
International Federation of Accountants  
277 Wellington Street, 4th floor  
Toronto  
Ontario M5V 3H2 CANADA

**Re: Response to Exposure Draft ED58 – Improvements to IPSASs 2015**

Dear Mr Stanford,

The French Public Sector Accounting Standards Council (CNoCP) is pleased to respond to the Exposure Draft *Improvements to IPSASs 2015* published in October 2015 (the ED).

We are of the view that *Improvements to IPSASs* are an efficient and effective means of maintaining a high quality set of standards. In terms of process, we commend the IPSASB for presenting the proposed changes using four categories (consequential amendments from the Conceptual Framework for consistency purposes, improvements arising from comments received from stakeholders, Government finance statistics improvements and IASB improvements to IPSASs): the sources of the changes are therefore well identified. Accordingly, the proposed improvements can be followed through easily.

We agree on all the changes proposed in the ED and we do not intend to respond in more details.

Yours sincerely,

Michel Prada

21 December 2015

Mr John Stanford  
Acting Technical Director  
International Public Sector Accounting Standards Board  
International Federation of Accountants  
277 Wellington Street West  
Toronto  
Ontario M5V 3H2  
CANADA

Submitted to: [www.ifac.org](http://www.ifac.org)

Dear John

**ED 58 Improvements to IPSASs 2015**

Thank you for the opportunity to comment on ED 58 *Improvements to IPSASs 2015* (ED 58). ED 58 was published for comment in New Zealand and some New Zealand constituents may have made comments directly to you.

We are particularly pleased with:

- (a) the IPSASB's prompt response in addressing what constitutes a class of assets in IPSAS 32 *Service Concession Arrangements: Grantor*, as this was an issue that was raised by New Zealand constituents;
- (b) the proposed amendments to IPSAS 17 *Property, Plant and Equipment* and IPSAS 27 *Agriculture* to incorporate the IASB's recent amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture* into the equivalent IPSASs; and
- (c) the improvements to International Public Sector Accounting Standards (IPSASs) to take into account amendments for consistency with the *Conceptual Framework for Financial Reporting in the Public Sector*.

However, we disagree with:

- (a) the proposal to remove the references to the international or national accounting standard dealing with non-current assets held for sale and discontinued operations; and
- (b) one aspect of the proposed transition requirements for the amendments to IPSAS 32 *Service Concession Arrangements: Grantor*.

### ***Accounting standards dealing with non-current assets held for sale and discontinued operations***

We disagree with the proposal to remove from IPSASs references to the international or national accounting standard dealing with discontinued operations or non-current assets held for sale.

We are of the view that IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* provides appropriate guidance for public sector entities to measure and disclose non-current assets held for sale and discontinued operations. IFRS 5 forms part of the PBE Standards in New Zealand that are applied by public sector entities and not-for-profit entities.

We note the reasons for proposing to remove references to the international or national accounting standard dealing with discontinued operations or non-current assets held for sale.

We acknowledge that the sale of non-current assets in the public sector may not be completed within one year. However, paragraph 7 of IFRS 5 requires the asset to be “...available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets ...” (emphasis added). Therefore, IFRS 5 is focused on an entity’s intention and commitment to sell an asset. We are of the view that the words ‘usual and customary’ would cover the situation in the public sector where sales of assets take more than one year because of requirements applying to asset sales in the public sector that may take some time to complete. In addition, paragraph 9 of IFRS 5 notes that events or circumstances beyond the entity’s control may extend the period to complete a sale beyond one year.

We also acknowledge that many of the non-current assets in the public sector that are disposed of are not sold, and many discontinued operations are not cash-generating units. However, there are instances where public sector entities sell non-current assets, or discontinue cash-generating operations. We are of the view that the guidance in IFRS 5 is appropriate for those instances. In addition, IFRS 5 also covers situations where assets are to be distributed to owners and therefore can be applied to situations in which a government entity transfers assets through a distribution for no consideration.

Therefore, we recommend that the IPSASB does not proceed with the proposed amendment to remove from IPSASs the references to the relevant international or national accounting standard dealing with discontinued operations or non-current assets held for sale.

### ***Proposed amendments to IPSAS 32 – Transition***

The transition requirements as proposed permit an entity to voluntarily change an accounting policy when the measurement basis (that is, cost or revaluation model) of the service concession assets reclassified is not the same as the measurement basis of the class of assets to which those service concession assets are reclassified and the entity elects to change the measurement basis of that class of assets (see proposed paragraphs 35B(b)(ii) and (c)(ii)). However, no reference is made to the requirements in IPSAS 3 *Changes in Accounting Policies, Accounting Estimates and Errors* regarding changes in accounting policies.

We recommend the following amendments to paragraphs 35B(b)(ii) and (c)(ii) to remind entities of the requirements in IPSAS 3:

35B. Where service concessions assets are reclassified in accordance with paragraph 35A, an entity shall account for the service concession assets as follows:

(a) ...

- (b) If the service concession assets have previously been measured using the cost model, and the class of assets to which those service concession assets have been reclassified is measured using the revaluation model, the entity shall either:
  - (i) Revalue the service concessions assets; or
  - (ii) Subject to the requirements in IPSAS 3 dealing with changes in accounting policies, ~~Retrospectively~~ apply the cost model to the remaining assets in the class of asset to which those service concession assets have been reclassified....
- (c) If the service concession assets have previously been measured using the revaluation model, and the class of assets to which those service concession assets have been reclassified is measured using the cost model, the entity shall either
  - (i) Retrospectively apply the cost model to the service concession assets. ...
  - (ii) Subject to the requirements in IPSAS 3 dealing with changes in accounting policies, ~~Revalue~~ the remaining assets in the class of assets to which those service concession assets have been reclassified....

If you have any questions or require clarification of any matters in this submission, please contact Vanessa Sealy-Fisher ([vanessa.sealy-fisher@xrb.govt.nz](mailto:vanessa.sealy-fisher@xrb.govt.nz)) or me.

Yours sincerely



Kimberley Crook  
**Chair – New Zealand Accounting Standards Board**



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15 January 2016

Dear Sir/Madam

## **COMMENT ON EXPOSURE DRAFT 58: IMPROVEMENTS TO IPSASs 2015**

### ***The Technical Director***

International Public Sector Accounting Standards Board  
International Federation of Accountants  
277 Wellington Street West  
Toronto, Ontario M5V 3H2 Canada

We welcome the opportunity to comment on Exposure Draft 58: *Improvements to IPSASs 2015*.

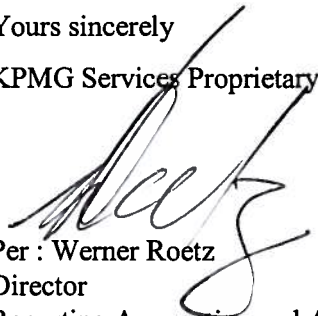
Overall, we are supportive of the IPSASB's proposed improvements to IPSASs. Minor issues were however identified in some of the Parts. These issues, along with our proposals, are reflected in the responses for comment.

Responses to each Part for Comment are set out in the Appendix to this letter.

Please feel free to contact me should you have any queries relating to this letter.

Yours sincerely

KPMG Services Proprietary Limited



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KPMG Services Proprietary Limited is a company incorporated under the South African Companies Act and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG international"), a Swiss entity.

KPMG Services Proprietary Limited is not a Registered Auditor in terms of the Auditing Profession Act, 26 of 2005 and does not provide audit services as defined in Section 1 of this Act.

Registration number 1999/012876/07

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Chief Executive: TH Hoole

Executive Directors: N Dlomu, M Letsitsi, SL Louw, NKS Majaba, M Oddy, M Saloojee, CAT Smit

Other Directors: ZH De Beer, LP Fourie, N Fubu, AH Jaffer (Chairman of the Board), FA Karreem, ME Magondo, AMS Mokgadi, GM Pickering, JN Pierce, T Rossouw, GCC Smith

The company's principal place of business is at KPMG Crescent, 85 Empire Road, Parktown, where a list of the directors' names is available for inspection.



*International Public Sector Accounting Standards Board*  
*COMMENT ON EXPOSURE DRAFT 58:*  
*IMPROVEMENTS TO IPSASs 2015*  
*15 January 2016*

## APPENDIX

### Responses to each Part for comment

#### **Part I – Conceptual Framework Improvements to IPSASs**

- **Consequential amendments related to Chapters 1–4 of the *Conceptual Framework for Financial Reporting in the Public Sector*. These relate to the Qualitative Characteristics, accounting policies and the hierarchy of sources used in the selection and application of accounting policies.**
- **The *Conceptual Framework* adopted “faithful representation” as a qualitative characteristic, rather than “reliability”. The IPSASB decided not to make piecemeal changes to recognition criteria and guidance on measurement before considering changes to IPSASs arising from Chapter 5, Elements and Chapter 6, Recognition of the Conceptual Framework. Therefore an explanation of the term “reliability” will be included in a footnote on the first usage of “reliably” or “reliable” in IPSASs containing requirements on recognition or aspects of measurement uncertainty.**

We agree with the proposed changes.

#### **Part II - General Improvements to IPSASs**

- **Amendments to remove references to the relevant international or national accounting standard dealing with non-current assets held for sale and discontinued operations.**
- **Amendments to clarify the inconsistency between IPSAS 32 and IPSAS 17, *Property, Plant, and Equipment*, over dissimilar assets being accounted for as a class of assets.**

We agree with the proposed changes *except for the following*:

- **Part II-1b IPSAS 19.6: Guidance on information to be disclosed for discontinued operations to be provided since reference to IFRS 5 has been removed. This paragraph is vague as to what will be useful to disclose to the users of the financial statements.**

#### **Part III - Government Finance Statistics Improvements to IPSASs**

- **Amendments to replace the term “ammunition” with Government Finance Statistics term “military inventories” and include a description.**
- **Amendments to replace the term “specialist military equipment” with Government Finance Statistics term “weapons systems” and include a description.**

We agree with the proposed changes.



**International Public Sector Accounting Standards Board**  
**COMMENT ON EXPOSURE DRAFT 58:**  
**IMPROVEMENTS TO IPSASs 2015**  
**15 January 2016**

**Part IV – IASB Improvements to IPSASs**

- **Amendments to define a bearer plant and include bearer plants within the scope of IPSAS 17. A bearer plant is defined as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agriculture produce, except for incidental scrap sales. Previously, bearer plants were not defined and bearer plants related to agriculture were included within the scope of IPSAS 27. Bearer plants meet the definition of property, plant, and equipment in IPSAS 17 and their operation is similar to that of manufacturing. Accordingly, the amendments require bearer plants to be included within the scope of IPSAS 17, instead of IPSAS 27. The produce growing on bearer plants will remain within the scope of IPSAS 27.**

We agree with the proposed changes *except for the following*:

- **Part IV-1a IPSAS 17:** We acknowledge that the IPSASB intends to align its standards to those of the IASB. However, including “bearer plant” in the scope of IPSAS 17 defeats the point of having a separate standard for biological assets. Although “bearer plant” was not previously defined, it does not deter it from being a “living” thing and thus fall within the scope of IPSAS 27.

Further, it is not ideal or feasible to include the supposed “bearer plants” in the table for biological assets under IPSAS 27 and to account for them on the cost model using IPSAS 17, a standard for non-living tangible items.

We propose that an additional section be included in IPSAS 27 where measurement and recognition for “bearer plant” is discussed and guidance provided, rather than include it in IPSAS 17. Although “bearer plant” meets the definition of “property, plant and equipment”, IPSAS 27 was created to account for such biological assets.

- **Part IV-1a IPSAS 16.6:** Following from the above, the proposed inclusion of the reference to IPSAS 17 should not be made.



*International Public Sector Accounting Standards Board*  
*COMMENT ON EXPOSURE DRAFT 58:*  
*IMPROVEMENTS TO IPSASs 2015*  
*15 January 2016*

**Other comments**

**We also noticed inconsistencies in the Exposure Draft. These are highlighted below:**

1. Inconsistencies in the amendments to wording in IPSAS 3.13 “financial statements provide information that meets **a number of the** qualitative characteristics” (**Page 13**) **AND** IPSAS 24.26 “financial statements to provide information that meets **a number of** qualitative characteristics” (**Page 22**).
2. IPSAS 3.15 is inconsistent with IPSAS 3.12 and .14 in the use of “management” and “preparers”. Management makes judgment in developing and applying accounting policies and thus “management” should also consider the requirements of .15 (**Page 13**).
3. IPSAS 32.32(c)(iii) should read “service concession **assets arrangements** recognized as assets” (**Page 55**).



Stephenie Fox  
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CANADA

Lausanne, January 11, 2016

## Swiss Comments to

## Exposure Draft 58 Improvements to IPSASs 2015

Dear Stephenie,

With reference to the request for comments on the proposed Consultation Paper, we are pleased to present the Swiss Comments to Exposure Draft 58 Improvements to IPSASs 2015. We thank you for giving us the opportunity to put forward our views and suggestions. You will find our comments to the Exposure Draft in the attached document.

Should you have any questions, please do not hesitate to contact us.

Yours sincerely,

SRS-CSPCP



Prof Nils Soguel, President



Evelyn Munier, Secretary

Swiss Comments to Exposure Draft 58 Improvements to IPSASs 2015

## **Swiss Comment to**

### **ED 58: Improvements to IPSASs 2015**

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## **1. Introduction**

The Swiss Public Sector Financial Reporting Advisory Committee (SRS-CSPCP) was established in 2008 by the Swiss Federal Ministry of Finance together with the cantonal Ministers of Finance. One of its aims is to provide the IPSAS Board with a consolidated statement for all three Swiss levels of government (municipalities, cantons and Confederation).

The SRS-CSPCP has discussed *ED 58 Improvements to IPSASs 2015* and comments as follows

## **2. Comments to Exposure Draft 58**

### **2.1. Conceptual Framework Improvements to IPSASs**

The SRS-CSPCP notes that the proposed amendments to standards *1 Presentation of Financial Statements, 3 Accounting Policies, Changes in Accounting Estimates and Errors, 16 Investment Property, 18 Segment Reporting, 20 Related Party Disclosures, 22 Disclosures about the General Government Sector, 24 Presentation of Budget Information in Financial Statements, 29 Financial Instruments: Recognition and Measurement and 30 Financial Instruments: Disclosure* are consistent with the Conceptual Framework. Therefore the SRS-CSPCP considers these amendments appropriate and supports them.

### **2.2. General Improvements to IPSASs**

The SRS-CSPCP notes that the proposed amendments to the standards *14 Events after the Reporting Date, 19 Provisions, Contingent Liabilities and Contingent Assets, 26 Impairment of Cash-Generating Assets, 27 Agriculture, 31 Intangible Assets and 32 Service Concession Arrangements* are only minor changes. These changes do not affect at all the meaning of the existing requirements. These amendments are also consistent with the Swiss public entities existing practices. Therefore the SRS-CSPCP considers the proposal appropriate and supports it.

### **2.3. Government Finance Statistics Improvements to IPSASs**

The SRS-CSPCP notes that the proposed amendments to the standards *12 Inventories, 17 Property, Plant and Equipments* are only minor changes. These changes do not affect at all the meaning of the existing requirements. Therefore the SRS-CSPCP considers the proposal appropriate and supports it.

Lausanne, October 29, 2015



**ACT**  
Government

Chief Minister and Treasury

Mr John Stanford  
Deputy Director  
International Public Sector Accounting Standards Board  
International Federation of Accountants  
277 Wellington Street  
Toronto, Ontario, M5V 3H2  
CANADA

Dear Mr Stanford

**Exposure Draft 58 *Improvements to IPSASs 2015***

The Heads of Treasuries Accounting and Reporting Advisory Committee (HoTARAC) welcomes the opportunity to provide comments to the International Public Sector Accounting Standards Board (IPSASB) on IPSASB Exposure Draft (ED) 58 – *Improvements to IPSASs 2015*.

HoTARAC is an intergovernmental committee that advises Australian Heads of Treasuries on accounting and reporting issues. The Committee comprises the senior accounting policy representatives from all Australian States, Territories and the Australian Government.

HoTARAC commends the IPSASB's efforts in reviewing and updating IPSASs to improve the broad application of IPSASs, and is generally supportive of the proposed changes in Parts I to IV of ED 58. However, HoTARAC believes certain of the proposed amendments are more significant than what would usually be effected through an annual improvement process.

The attachment to this letter sets out specific issues/concerns that HoTARAC has regarding proposals in the ED. If you have any queries regarding our comments, please contact Alison Cuthbert from Queensland Treasury on +61 7 3035 1431 or by email to [alison.cuthbert@treasury.qld.gov.au](mailto:alison.cuthbert@treasury.qld.gov.au).

Yours sincerely

David Nicol  
Chair

Heads of Treasuries Accounting and Reporting Advisory Committee

*R* January 2016

## **Attachment - HoTARAC comments re IPSASB Exposure Draft 58 *Improvements to IPSASs 2015***

HoTARAC's comments on particular proposals in the ED are set out below.

### **Part I: Conceptual Framework Improvements to IPSASs**

HoTARAC is generally supportive of the various proposed amendments to Chapters 1-4 of the Conceptual Framework. HoTARAC supports the use of "faithful representation" as a qualitative characteristic, rather than "reliability", in individual IPSASs. HoTARAC notes this is consistent with the qualitative characteristics adopted in the draft IASB Conceptual Framework.

Regarding other references to "reliability" in individual IPSASs, HoTARAC questions the appropriateness of including a footnote explaining the meaning of "reliability" in each affected IPSAS. Instead, HoTARAC prefers the explanation of "reliability" be in a central location (i.e. in the Conceptual Framework or a Glossary of Defined Terms), subject to a broader review of the concept of "reliability" and implications for other chapters of the Conceptual Framework (e.g. recognition and/or measurement).

As the IASB is in the process of revising its Conceptual Framework, the IPSASB will need to review the implications for its own Conceptual Framework (in line with the IPSASB's policy). Any further implications for individual IPSAS (arising from further revisions of the IPSASB's Conceptual Framework) will then also need to be progressed for constituent feedback. Having said that, HoTARAC notes that under the IPSASB's policy document "Process for Reviewing and Modifying IASB Documents", the IPSASB adopts IFRS without modification where this is possible.

### **Part II: General Improvements to IPSASs**

#### Amendment: Part II-1 Amendments to remove references to the relevant international or national accounting standard dealing with non-current assets held for sale and discontinued operations

The proposed Basis for Conclusions (refer to paragraph BC8) asserts that IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* may not be appropriate for the public sector in all circumstances. HoTARAC considers that insufficient conceptual justification is provided for that view. Based on Australia's experience (where public sector entities are effectively required to comply with IFRS 5), the scope and criteria in IFRS 5 can be applied by public sector entities. Therefore, HoTARAC strongly recommends that the IPSASB retain the cross-reference to IFRS 5 (or equivalent national accounting standard). HoTARAC also urges the IPSASB to undertake an assessment of broader consequences of its proposal.

For those reasons, HoTARAC considers these particular proposals to have potentially greater consequences than would usually be expected in an annual improvement process. HoTARAC understands the annual improvement process is intended to be restricted to clarifications and minor amendments. More significant proposals should be subject to a separate consultation process that allows more time for stakeholders to identify and assess the accounting/reporting consequences.

#### Amendment: Part II-2 Amendments to IPSAS 32, *Service Concession Arrangements*

HoTARAC considers paragraph 33 is confusing to follow in explaining the distinction between "arrangements", "groups" and "classes", so revision of the terminology in that paragraph is recommended.

### **Part III: Government Finance Statistics Improvements to IPSASs**

Amendment: Part III-1 Amendments to IPSAS 12, *Inventories*

Amendment: Part III-2 Amendments to IPSAS 17, *Property, Plant and Equipment*

In principle, HoTARAC supports the proposed amendments to IPSAS 12 and IPSAS 17 to facilitate a closer alignment with the Government Finance Statistics (GFS) reporting guidelines. However, HoTARAC recommends the IPSASB instead use cross references, rather than paraphrasing the GFS definition (particularly to reduce maintenance effort in the future if/when GFS changes).

The IPSASB's consultation paper in October 2012 tabulated the existing differences between IPSASs and GFS reporting guidelines and solicited comments to identify further differences. This was followed-up with a policy paper in February 2014 that set out a process for considering such differences. It proposed a 'Table of Differences' be maintained along with the resolution mechanism. HoTARAC believes that "Table of Differences" should be updated (to reflect the progress made) and then published.

### **Part IV: IASB Improvements to IPSASs**

Amendment: Part IV-1a Amendments to IPSAS 17, *Property, Plant and Equipment*

Amendment: Part IV-1b Amendments to IPSAS 27, *Agriculture*

HoTARAC concurs with the IPSASB's view in the Basis for Conclusions paragraphs that there is no public sector specific reason for not adopting the proposed narrow scope amendments to IPSAS 17 and IPSAS 27.

Given the IASB also issues other amending standards on various subjects, many of which may also be relevant to IPSASs, HoTARAC recommends the IPSASB develop a robust and more efficient process for priority changes to IFRSs that need to be incorporated into IPSASs.



# ICAEW REPRESENTATION

## 06/2016

### Exposure Draft 58 – Improvements to IPSASs 2015

ICAEW welcomes the opportunity to comment on the *Improvements to IPSASs 2015* exposure draft published by the International Public Sector Accounting Standards Board (IPSASB) in October 2015, a copy of which is available from this [link](#).

This response of 12 January 2016 has been prepared on behalf of ICAEW by the Financial Reporting Faculty. Recognised internationally as a leading authority on financial reporting, the Faculty, through its Financial Reporting Committee, is responsible for formulating ICAEW policy on financial reporting issues and makes submissions to standard setters and other external bodies on behalf of ICAEW. Comments on public sector financial reporting are prepared with the assistance of the Faculty's Public Sector Development Committee. The Faculty provides an extensive range of services to its members including providing practical assistance with common financial reporting problems.

ICAEW is a world-leading professional accountancy body. We operate under a Royal Charter, working in the public interest. ICAEW's regulation of its members, in particular its responsibilities in respect of auditors, is overseen by the UK Financial Reporting Council. We provide leadership and practical support to over 146,000 member chartered accountants in more than 160 countries, working with governments, regulators and industry in order to ensure that the highest standards are maintained.

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## MAJOR POINTS

### Summary of our views

1. We have reviewed the proposed amendments to the IPSASs in part I, II, III and IV of the exposure draft (ED). While we agree with the draft amendments in part II-2, III and IV, we have some reservations about parts I and II-1. Our detailed comments are set out below.

## COMMENTS ON PROPOSED AMENDMENTS

### Part I – Conceptual Framework Improvements to IPSASs

2. We agree in principle with the need to update the standards to reflect the provisions of the Conceptual Framework (CF) and to align the terminology of the standards with the framework.
3. The CF issued by IPSASB in October 2014 has replaced *reliability* with *faithful representation* as one of the qualitative characteristics. Previously, reliability included prudence as a sub-category. Faithful representation in the current CF is defined as being attained when the depiction of the phenomenon is complete, neutral and free from material error. The ED states (p15, BC12) that prudence is reflected in the explanation of neutrality as a component of faithful representation, and in the acknowledgement of the need to exercise caution in dealing with uncertainty. In finalising IASB's update to their CF (for ICAEW's response to IASB's exposure draft on 'Conceptual Framework for Financial Reporting' follow this [link](#)), there is a strong possibility that the concept of prudence will be re-inserted alongside neutrality. We assume that IPSASB will take these developments into consideration when updating the standards.

### Part II-1 – General Improvements to IPSASs, Non-Current Assets Held for Sale and Discontinued Operations

4. The ED proposes to remove references to IFRS 5, *Non-Current Assets Held for Sale and Discontinued Operations* since IPSASB took the view that this standard was not appropriate for the public sector, for various reasons. We are not convinced by the arguments put forward in support of this in the ED, as there are numerous examples of public sector entities having non-current assets held for sale and indeed major disposal programmes are often carried out. Examples in the UK include the Ministry of Defence and Department of Health, which have assets held for sale in their 2014-15 accounts amounting to £180m and £267m respectively. Australia and New Zealand whole of government accounts make reference to assets held for sale too, albeit without providing a specific disclosure note.
5. We therefore believe it entirely feasible that many governments have both non-current assets held for sale and discontinued operations. We appreciate that in many cases, operations move from one government body to another without ever being properly discontinued. But there will be cases where there is a genuine discontinuation of a service.
6. Given that disposals and discontinuances of services do occur in practice, there is a risk of removing references to IFRS 5 in that preparers will be able to choose to follow other standards (as per IPSAS 3, paragraph 15), resulting in a non-uniform accounting treatment of non-current assets held for sale and discontinued operations, which in turn will reduce comparability. Therefore, rather than removing all references to IFRS 5, we believe that preparers of financial statements using IPSASs would be better served by IPSASB tailoring IFRS 5 for the public sector.

## **Part II-2 – General Improvements to IPSASs, Service Concession Arrangements**

7. We agree with the proposed amendments to IPSAS 32.

## **Part III – Government Finance Statistics Improvements to IPSASs**

8. We agree with the proposed amendments to IPSAS 12 and 17.

## **Part IV – IPSAS updates due to IFRS amendments**

9. We agree with the proposed amendments to IPSAS 17, 27, 13, 16 and 26, but have some minor drafting recommendations, set out below.
10. IPSAS 13, paragraphs 2 (c) and (d) are no longer in the same style as paragraphs (a) and (b). We recommend IPSASB rewords 2 (c) and (d) as follows:
- 2 (c): Biological assets, except bearer plants, held by lessees under finance leases (see IPSAS 27, *Agriculture*)
- 2 (d): Biological assets, except bearer plants, provided by lessors under operating leases (see IPSAS 27, *Agriculture*)
11. IPSAS 26, paragraph 2 (j) is no longer in the same style as the rest of that paragraph. We recommend IPSASB rewords 2 (j) as follows:
- 2 (j): Biological assets, except bearer plants, related to agricultural activity that are measured at fair value less costs to sell (see IPSAS 27, *Agriculture*)



January 14, 2016

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International Federation of Accountants  
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**Re: PSAB Staff Comments on Exposure Draft, "Improvements to IPSASs 2015"**

Thank you for the opportunity to provide input on the Exposure Draft, *Improvements to IPSASs 2015*.

Overall, PSAB staff is in support of the proposals in the Exposure Draft (ED). A few comments for your consideration are set out in the Appendix to this letter and represent the views of PSAB staff, not those of the Public Sector Accounting Board (PSAB).

We hope that you find our comments helpful.

Sincerely,

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## APPENDIX – COMMENTS FOR CONSIDERATION

### **Part I: Conceptual Framework Improvements to IPSASs**

#### **Overall Comment**

In reviewing this part of the ED, it was noticed that in most cases only two qualitative characteristics are noted, relevance and faithful representation. IPSASB should consider the context of where the original wording came from. If the original wording is due to IASB convergence, it is important to note that the IASB considers relevance and faithful representation as “fundamental” qualitative characteristics. However, IPSASB does not have a similar hierarchy for the qualitative characteristics. As a result, IPSASB may want to consider whether there should also be mention of the other qualitative characteristics as noted in revised IPSAS 3 paragraph 12 which states:

*“In the absence of an IPSAS that specifically applies to a transaction, other event, or condition, preparers shall use their judgment in developing and applying an accounting policy that results in information that is relevant to the accountability and decision-making needs of users, represents faithfully the financial position, financial performance, and cash flows of the entity, meets the other qualitative characteristics and takes account of the constraints on information included in general purpose financial reports.”*

For example, paragraph 44 or IPSAS 1 could be rewritten as follows:

*“An entity changes the presentation of its financial statements only if the changed presentation provides information that is faithfully representative, is more relevant to users, meets the other qualitative characteristics and takes account of the constraints on information, and the revised structure is likely to continue, so that comparability is not impaired. When making such changes in presentation, an entity reclassifies its comparative information in accordance with paragraphs 55 and 56.”*

Other paragraphs to consider include the following:

- IPSAS 1 – 70, 73, 74, 109, 116;
- IPSAS 20 – 27(c), 32;
- IPSAS 30 – AG7.

#### **Amendments to IPSAS 1, *Presentation of Financial Statements***

Paragraph BC 15 discusses the Board’s conclusion not to make changes to the recognition criteria in advance of a more general review. However, based on a review of the amendments made to IPSAS 1, there does not appear to be any amendments pertaining to this. As a result, it is suggested that this paragraph be removed to help avoid any confusions that may arise with retaining it.

#### **Amendments to IPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors***

It was noted that the Basis for Conclusions explains the amendments in all the bold paragraphs except for paragraph 14. To be consistent with the other amendments proposed, an explanation for the amendments to paragraph 14 should be provided.

#### **Amendments to IPSAS 18, *Segment Reporting***

In this IPSAS, a discussion of the Qualitative Characteristics which covered just over two pages was deleted. Although the explanation for the removal appears in “Basis for Conclusions” for IPSAS 1, it may be worthwhile

to repeat the explanation for the deletion in the Basis for Conclusions for this IPSAS as they are two separate IPSASs.

**Amendment: Part I-2 – Insertion of footnote**

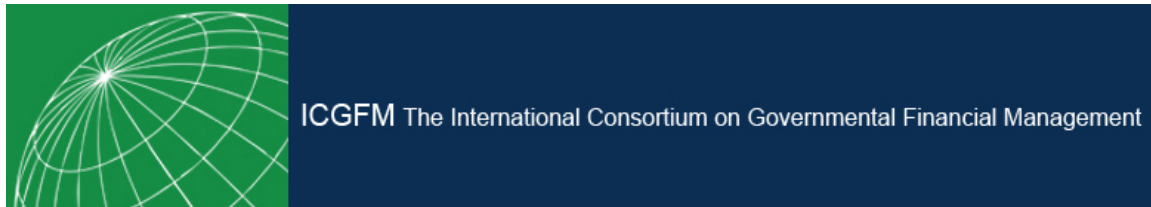
It was noted that the explanation for the amendment (i.e. the footnote) does not appear in any of the affected IPSASs. The explanation of the amendment only appears in the Basis for Conclusion for IPSAS 1 (paragraph BC15). As each IPSAS is a stand-alone standard, it is suggested that the paragraph that appears in IPSAS 1 (paragraph BC 15) be replicated in all the affected IPSASs.

***Part IV: IASB Improvements to IPSASs***

***Amendments to IPSAS 17, Property, Plant, and Equipment***

The second half of paragraph 107G states “An entity shall apply those amendments retrospectively, in accordance with IPSAS 3, ...except as specified in paragraph 107G.” However, the first half of the same paragraph indicates that “An entity shall apply those amendments prospectively...” As a result two questions arise:

1. How should an entity apply the amendments, prospectively or retrospectively?
2. Should the paragraph be referencing itself?



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January 11, 2016

The Technical Director  
International Public Sector Accounting Standards Board  
International Federation of Accountants  
277 Wellington Street West, 6th Floor  
Toronto, Ontario M5V 3H2 CANADA

Dear Sir

1. The International Consortium on Governmental Financial Management (ICGFM) welcomes the opportunity to respond to IPSAS ED58 - 'Improvements to IPSASs 2015'.
2. These are mainly technical changes consequent on other IPSAS revisions. We are particularly supportive to note the move, in Parts III and IV, to bring definitions into line with those used by GFS and IASB.
3. On the assumption that ED56 becomes an IPSAS, we would advocate replacing the term 'Government Business Enterprise' with 'Public Corporation' (as defined in GFS) throughout the IPSAS. Furthermore, we would advocate the future adoption of all GFS terminology and definitions unless there is a strong reason to use some different term and/or definition, e.g. budgetary entities, extra-budgetary entities
4. We appreciate the opportunity to comment on this exposure draft and would be pleased to discuss this letter with you at your convenience. If you have questions concerning this letter, please contact Michael Parry at [Michael.parry@michaelparry.com](mailto:Michael.parry@michaelparry.com) or on +44 7525 763381.

Yours faithfully,

**Michael Parry**

ICGFM Accounting Standards Committee

Michael Parry, Chair

Andrew Wynne

Anne Owuor

Hassan Ouda

Iheariyi Anyahara

Jesse Hughes

Kennedy Musonda

Mark Silins

Maru Tjihumino

Masud Mazaffar

Nino Tchelishvili

Paul Waiswa

Steve Glauber

Tony Bennett

Cc: Jack Maykoski  
President, ICGFM

Exposure Draft 57 *Impairment of Revalued Assets*

Exposure Draft 58 *Improvements to IPSASs 2015*

# **response to exposure drafts**

15 January 2016



CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for people in public finance. Our 14,000 members work throughout the public services, in national audit agencies, in major accountancy firms, and in other bodies where public money needs to be effectively and efficiently managed.

As the world's only professional accountancy body to specialise in public services, CIPFA's portfolio of qualifications are the foundation for a career in public finance. They include the benchmark professional qualification for public sector accountants as well as a postgraduate diploma for people already working in leadership positions. They are taught by our in-house CIPFA Education and Training Centre as well as other places of learning around the world.

We also champion high performance in public services, translating our experience and insight into clear advice and practical services. They include information and guidance, courses and conferences, property and asset management solutions, consultancy and interim people for a range of public sector clients.

Globally, CIPFA shows the way in public finance by standing up for sound public financial management and good governance. We work with donors, partner governments, accountancy bodies and the public sector around the world to advance public finance and support better public services.

Our ref: Responses/ 160115 SC0222

International Public Sector Accounting Standards Board  
International Federation of Accountants  
277 Wellington Street, 4th Floor  
Toronto  
Ontario M5V 3H2  
CANADA  
Submitted electronically

January 2015

Dear IPSASB secretariat

**Exposure Draft 57 *Impairment of Revalued Assets***

**Exposure Draft 58 *Improvements to IPSASs 2015***

CIPFA is pleased to present its comments on these Exposure Drafts, which have been reviewed by CIPFA's Accounting and Auditing Standards Panel.

CIPFA supports all of the proposed amendments and improvements. Comments on the exposure drafts are provided in the attached annex.

I hope this is a helpful contribution to the Board's standards development process. If you have any questions about this response, please contact Steven Cain (e: [steven.cain@cipfa.org](mailto:steven.cain@cipfa.org), t: +44(0)20 7543 5794).

Yours sincerely

Alison Scott  
Head of Standards and Financial Reporting  
CIPFA  
77 Mansell Street, London E1 8AN  
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e: [alison.scott@cipfa.org](mailto:alison.scott@cipfa.org)

## ANNEX

### Specific Matter for Comment ED 57

*The IPSASB proposes to include revalued property, plant and equipment and intangible assets within the scope of IPSAS 21 and IPSAS 26 in order to (a) provide information to users on impairment losses and reversals to property, plant and equipment and intangible assets carried at revalued amounts and (b) clarify that when a revalued asset is impaired and an impairment loss is recognized, an entity is not required to revalue the entire class of assets to which that item belongs.*

*Do you agree with the changes to IPSAS 21 and IPSAS 26 proposed in the ED and the consequential amendments to IPSAS 17, Property, Plant and Equipment, and IPSAS 31, Intangible Assets? If not, please provide your reasons.*

CIPFA agrees with the current proposals to broaden the scope of the impairment standards. CIPFA's view, as explained in our responses to ED 23 'Impairment' and ED 30 'Impairment of Cash-Generating Assets' is that the exclusion of revalued assets from impairment testing results in less good financial reporting.

We also agree with the clarification that the recognition of an impairment of a revalued asset need not trigger the revaluation of the entire asset class.

## Comments on ED 58

### Part I: Conceptual Framework Improvements to IPSASs

*Consequential amendments related to Chapters 1–4 of the Conceptual Framework for Financial Reporting in the Public Sector. These relate to the Qualitative Characteristics, accounting policies and the hierarchy of sources used in the selection and application of accounting policies.*

CIPFA agrees with the main amendments made to align IPSAS terminology with the conceptual framework.

*The Conceptual Framework adopted "faithful representation" as a qualitative characteristic, rather than "reliability". The IPSASB decided not to make piecemeal changes to recognition criteria and guidance on measurement before considering changes to IPSASs arising from Chapter 5, Elements and Chapter 6, Recognition of the Conceptual Framework. Therefore an explanation of the term "reliability" will be included in a footnote on the first usage of "reliably" or "reliable" in IPSASs containing requirements on recognition or aspects of measurement uncertainty.*

CIPFA agrees that in the specific context of recognition and measurement, it is more difficult to reframe the material currently articulated in terms of reliability. We also agree with BC15 which explains that a piecemeal approach would not be beneficial in advance of a fuller review of recognition criteria and related guidance.

We therefore agree with the drafting approach proposed.

### Part II: General Improvements to IPSASs

*Amendments to remove references to the relevant international or national accounting standard dealing with non-current assets held for sale and discontinued operations.*

*Amendments to clarify the inconsistency between IPSAS 32 and IPSAS 17, Property, Plant, and Equipment, over dissimilar assets being accounted for as a class of assets.*

CIPFA agrees with the proposed amendments.

<b>Part III: Government Finance Statistics Improvements to IPSASs</b>
---

CIPFA agrees that the reframing of military assets terminology in line with the GFS terminology is helpful and provides clearer more informative reporting.
---

<b>Part IV: IASB Improvements to IPSASs</b>
---

CIPFA agrees with the proposed amendments. As observed by IASB when amending its directly related standards, the economic characteristics of 'bearer plants' are more similar to property, plant and equipment than those biological assets for which the agriculture standard was developed.
---

**Denise Silva Ferreira Juvenal**

**[rio1042370@terra.com.br](mailto:rio1042370@terra.com.br)**

**Accountant**

**Commentary individual**

**Rio de Janeiro / Brazil**

**The Technical Director**

**International Public Sector Accounting Standards Board**

**International Federation of Accountants**

**277 Wellington Street West**

**Toronto, Ontario M5V 3H2 CANADA**

**January 20, 2016**

### **Improvements to IPSASs 2015**

I am Denise Juvenal this pleased to have the opportunity to comment on this consultation about Improvements to IPSASs 2015. This is my individual commentary for International Federation on Accountants - IFAC-IPSASB.

#### **Questions for Respondents**

**The IPSASB would welcome comments on all the changes proposed in the Exposure Draft. Comments are most helpful if they indicate the specific paragraph or group of paragraphs to which they relate, contain a clear rationale and, where applicable, provide a suggestion for alternative wording.**

I agree with this Exposure Draft and I consider extremely importance these modifications in the Conceptual Framework, as, I understand that are serious issues for this moment, so, I suggest for the Board's if agrees, that observes the results of Agenda Consultation and Conceptual Framework of IASB's in relation the new topics of research that can improve this Conceptual Framework of IPSASb by IFAC to matters correlate.

Thank you for opportunity for comments this proposal, if you have questions do not hesitate contact to me, [rio1042370@terra.com.br](mailto:rio1042370@terra.com.br).

Yours,

Denise Silva Ferreira Juvenal

[rio1042370@terra.com.br](mailto:rio1042370@terra.com.br)

5521993493961



The Technical Director  
International Public Sector Accounting Standards Board  
International Federation of Accountants  
277 Wellington Street West  
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Per e-mail

15 January 2016

Dear John,

**COMMENT ON EXPOSURE DRAFT 58 ON *IMPROVEMENTS TO IPSASs 2015***

We welcome the opportunity to comment on Exposure Draft 58 (ED 58) on *Improvements to IPSASs 2015*.

We support the periodic revision of the IPSASs, and also commend the IPSASB for extending the scope of the improvements identified in 2015.

Our general comments on the amendments proposed to various IPSASs are set out in Annexure A to this letter.

The views expressed in this letter are those of the Secretariat and not the Accounting Standards Board (Board). In formulating these comments, the Secretariat consulted with a range of stakeholders including auditors, preparers, consultants, professional bodies and other interested parties.

Please feel free to contact me should you have any queries relating to this letter.

Yours sincerely

A handwritten signature in black ink, appearing to read 'J. Poggiolini'.

Jeanine Poggiolini

Technical Director

Board Members: Ms T Coetzer, Mr B Colyvas, Ms I Lubbe, Mr M Kunene, Mr K Makwetu,  
Mr V Ndzimande, Ms N Ranchod, Ms R Rasikhinya, Ms C Wurayayi  
Alternates: Mr S Badat, Ms L Bodewig  
Chief Executive Officer: Ms E Swart Technical Director: Ms J Poggiolini



## **ANNEXURE A – DETAILED RESPONSES**

### **General Comment:**

We agree with all the proposed improvements in Parts I, II, III and IV except for the improvement proposed in Part III-2 below:

<b>Reference</b>	<b>Proposal</b>
Part III-2 Par 20	<p>Our stakeholders indicated that the inclusion of the last sentence to the description of weapon systems is likely to create confusion when differentiating between weapon systems and military inventories as it appears to suggest that certain items that meet the definition of military inventories may also be weapons systems.</p> <p>It is therefore suggested that the IPSASB removes the last sentence of paragraph 20.</p>





THE TREASURY

Kaitohutohu Kaupapa Rawa

22 January 2016

Mr John Stanford  
The Technical Director  
International Public Sector Accounting Standards Board  
International Federation of Accountants  
529 Fifth Avenue, 6th Floor  
New York, NY 10017 United States of America

Dear John

## Exposure Draft 58: Improvements to IPSASs 2015

The New Zealand Treasury welcomes the opportunity to provide comments to the International Public Sector Accounting Standards Board on ED 58: *Improvements to IPSASs 2015*

We commend the IPSASB issuing a single exposure draft that combines a number of minor improvements and clarifications with the view of improving the application of IPSASs. We are also generally supportive of all the amendments in ED 58.

We have provided our responses to the specified matters for comment attached.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'N Haslam'.

Nicola Haslam  
Manager, Fiscal Reporting

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## ATTACHMENT

### Part I: Conceptual Framework Improvements to IPSASs

The New Zealand Treasury supports the IPSASB's limited scope project to make changes to IPSASs to reflect the first four chapters of the *Conceptual Framework* (covering role and authority; objectives and users; qualitative characteristics; and constraints on information in general purpose financial reports; and the reporting entity).

In particular, we agree that it is not appropriate to make piecemeal changes to recognition criteria, which includes the words "reliably" or "reliable", in advance of a fuller review of recognition criteria and related guidance. However, we agree that it is helpful that a footnote explaining the meaning of reliability from the *Conceptual Framework* is added in each IPSAS with recognition criteria or related guidance on aspects of measurement.

### Part II: General Improvements to IPSASs

#### *Amendment: Part II-1*

The New Zealand Treasury understands why the IPSASB proposes removing reference to "the relevant international or national accounting standard with non-current assets held for sale and discontinued operations" in the relevant four IPSASs because IPSAS 3 *Accounting Policies, Changes in Accounting Estimates and Errors* covers the judgments that are to be used to develop an accounting policy in the absence of an IPSAS standard.

However we disagree with IPSASB's view expressed in the basis of conclusion that IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, is not appropriate for the public sector.

An equivalent of IFRS 5 had been part of the New Zealand suite of standards for public sector entities since 2004 and in our experience, the scope and criteria in IFRS 5 can be applied successfully by public sector entities. We believe there is a gap in the IPSASB literature in relation to this topic and encourage the IPSASB to consider developing guidance on this in the future.

#### *Amendment: Part II-2*

The New Zealand Treasury thanks the IPSASB for clarifying its intention in IPSAS 32 *Service Concession Arrangements* that service concession assets are to be classified in accordance with IPSAS 17 *Property Plant and Equipment* and IPSAS 31 *Intangible Assets* based on classes of assets that are similar in nature and function. The Treasury supports the amendment and believes it will remove any inconsistency in relation to the classification of service concession assets between these three standards that has arisen in practice in New Zealand.

### Part III: Government Finance Statistics (GFS) Improvements to IPSAS

The New Zealand Treasury generally supports alignment with GFS where appropriate. However, the New Zealand Treasury believes that the proposed definition of weapon systems is unnecessarily narrow and may exclude some assets that we would regard as useful information to readers of the financial statements. For example, military vehicles specially fitted for military purposes which transfer military personnel but do not carry weapons or directly provide defence

capability but are part of the defence infrastructure, would potentially fall outside the weapons systems description and have to be captured in a more general category such as plant & equipment. While any delineation will be arbitrary, the New Zealand Treasury supports a wider definition of specialised military equipment that includes assets that are unique to, or specialised for, the defence force of a country, whether they carry weapons or not.

#### **Part IV: IASB Improvements to IPSASs**

The New Zealand Treasury agrees with the IPSASB's amendments to define bearer plants and include bearer plants within the scope of IPSAS 17 *Plant, Property and Equipment*, while the produce growing on bearer plants will remain within the scope of IPSAS 27 *Agriculture*

We concur with the IPSASB's view that there is no public sector specific reason for not adopting the IASB narrow scope amendments.

The New Zealand Treasury commends the IPSASB's efforts to align the requirements with IASB standards where it is appropriate. The Financial Statements of the New Zealand government consolidates both for-profit entities (who apply IFRS) and not-for-profit entities (who apply IPSAS). As a result there is a cost associated with restating the IFRS financial information to ensure it is IPSAS compliant. We therefore support any alignment between the two accounting frameworks where there is no public sector difference.